

Birmingham Area Cable Board

Report to the Cable Board

June 30, 2008

To the Board Members
Birmingham Area Cable Board

We have recently completed our audit of the basic financial statements of the Birmingham Area Cable Board (the "BACB") for the year ended June 30, 2008. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the BACB:

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We are grateful for the opportunity to be of service to the Birmingham Area Cable Board. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 14, 2008

Report on Internal Control

October 14, 2008

To the Board Members
Birmingham Area Cable Board

Dear Board Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the BACB's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the BACB as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the BACB's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BACB's internal control. Accordingly, we do not express an opinion on the effectiveness of the BACB's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

To the Board Members
Birmingham Area Cable Board

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the council, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, reading "Beth Bialy". The signature is written in a cursive, flowing style.

Beth A. Bialy

Results of the Audit

October 14, 2008

To the Cable Board
Birmingham Area Cable Board

We have audited the financial statements of the Birmingham Area Cable Board for the year ended June 30, 2008 and have issued our report thereon dated October 14, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 27, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Birmingham Area Cable Board. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated July 11, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the BACB are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008.

To the Cable Board
Birmingham Area Cable Board

We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no estimates that were particularly sensitive affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no disclosures affecting the financial statements that were particularly sensitive.

Difficulties Encountered in Performing the Audit

We should inform those charged with governance of any difficulties encountered related to the performance of the audit. Due to staff turnover during the audit time period, we encountered difficulties in receiving necessary audit schedules during the audit time frame, creating delays as the audit had to be completed after the scheduled field work dates. We also encountered difficulties in resolving issues once the schedules were received, creating additional time delays.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

To the Cable Board
Birmingham Area Cable Board

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the organization's auditors.

This information is intended solely for the use of the Cable Board and management of the Birmingham Area Cable Board and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Beth Bialy". The signature is written in a cursive, flowing style.

Beth A. Bialy

To the Cable Board
Birmingham Area Cable Board

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

		Increases (Decreases)				
Ref. #	Description of Misstatement	Assets	Liabilities	Net Assets	Revenue	Expenses
Known Misstatements:						
A1	Record accounts payable to actual		\$ 3,564			\$ 3,564
A2						
Estimate Adjustments:						
B1						
B2						
Implied Adjustments:						
C1						
C2						
		\$ -		\$ -	\$ -	
	Combined effect	<u>\$ -</u>	<u>\$ 3,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,564</u>

Other Recommendations

Capital Assets

During our testing of capital assets, we noticed that a complete record of capital assets additions and deletions was not maintained throughout the year. Instead, the list was compiled at the end of the year. We suggest that records are updated and reviewed periodically throughout the year to ensure more accurate records and to make it easier to identify and resolve potential problems.

Birmingham Area Cable Board

**Financial Report
with Supplemental Information
June 30, 2008**

Birmingham Area Cable Board

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Independent Auditor's Report

To the Board Members
Birmingham Area Cable Board

We have audited the accompanying financial statements of the governmental activities and General Fund of Birmingham Area Cable Board (the "Authority") as of June 30, 2008 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Birmingham Area Cable Board at June 30, 2008 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedule, identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

October 14, 2008

Birmingham Area Cable Board

Management's Discussion and Analysis

Our discussion and analysis of the Birmingham Area Cable Board's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Authority's financial statements.

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

The basic financial statements include information that presents two different views of the Authority.

- The first column of the financial statements includes information on the Authority's General Fund under the modified accrual method. These fund financial statements focus on current financial resources and provide a more detailed view about the accountability of the Authority's sources and uses of funds.
- The adjustments column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method of accounting.
- The third column presents the Authority's operations on a full accrual basis, which provides both long- and short-term information about the Authority's overall financial status. The statement of net assets and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

Birmingham Area Cable Board

Management's Discussion and Analysis (Continued)

Condensed Financial Information

The following tables show key financial information in a condensed format for the government-wide statement of net assets and the statement of activities:

	June 30	
	2008	2007
Assets		
Current assets	\$ 1,077,540	\$ 1,342,116
Capital assets - Net	<u>654,122</u>	<u>127,153</u>
Total assets	<u>1,731,662</u>	<u>1,469,269</u>
Net Assets		
Invested in capital assets	654,122	127,153
Unrestricted	<u>1,077,540</u>	<u>1,342,116</u>
Total net assets	<u>\$ 1,731,662</u>	<u>\$ 1,469,269</u>
	Year Ended June 30	
	2008	2007
Revenue		
Franchise fees	\$ 244,483	\$ 210,877
PEG fees	365,657	316,315
Other	<u>50,939</u>	<u>37,339</u>
Total revenue	661,079	564,531
Expenses		
PEG operations	269,950	150,776
Board expenditures	<u>128,736</u>	<u>122,752</u>
Total expenses	<u>398,686</u>	<u>273,528</u>
Change in Net Assets	<u>\$ 262,393</u>	<u>\$ 291,003</u>

Birmingham Area Cable Board

Management's Discussion and Analysis (Continued)

The Authority as a Whole

- The Authority reports net assets of \$1,731,662 this year on a full accrual basis, as compared to a fund balance of \$1,077,540 on the modified accrual basis of accounting.
- The Authority's primary source of revenue is from franchise and PEG fees. For 2008, total fees collected were \$610,140. This represents approximately 92 percent of total revenue.
- The largest expenditure of the Authority is for the agreement with Bloomfield Community Television (BCTV). For 2008, this expenditure was \$167,042, representing approximately 43 percent of the Authority's total expenditures.
- Total expenditures for the entire year under the modified accrual basis of accounting were approximately \$926,000.
- The Authority's conversion to meet GASB 34 standards, which includes capitalization of Authority-owned assets and associated depreciation expense, is reflected in the statement of activities on page 7 of this financial report.

The Authority's Fund

Our analysis of the Authority's General Fund is included on pages 6 and 7 in the first column of the respective statements. The fund column provides detailed information about the General Fund on a modified accrual method, which is a short-term perspective measuring the flow of financial resources, not the Authority's operations on a full accrual basis of accounting, which provides a longer-term measurement of total economic resources. The Authority's only fund is the General Fund. The fund balance of the General Fund decreased by approximately \$265,000 for the year.

Authority Budgetary Highlights

Over the course of the year, the Authority's board amended the budget to take into account events that occurred during the year. The most significant amendments occurred in grants and capital outlay. The following is a summary of budgetary highlights:

- Bloomfield Community Television expenses were amended during the year for a program that was originally expected to bring in more expenses; however, they did not end up occurring during the current year.
- Capital outlay expenses increased significantly due to purchases of new equipment and production van renovations.

Birmingham Area Cable Board

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

At the end of the year, the Authority had approximately \$664,000 invested in the production van and equipment. In 2008, the Authority added approximately \$618,000 to the production van and equipment, consisting mainly of playback decks, microphones, and video character generator.

The Authority carries no long-term debt.

Economic Factors and Next Year's Budget and Rates

The Authority's budget for the 2009 fiscal year decreased from 2008. Revenues are anticipated to increase, reflecting price increases anticipated by the cable provider. It is not known what implications will be experienced with AT&T expanding its cable TV marketing thrust. Expenditures were decreased in the 2009 budget due to the purchase of a new production van in the previous year. The Authority does not have any significant purchases planned under the 2009 budget.

Contacting the Authority's Management

If you have questions about this report or need additional information, we welcome you to contact the director, Robert Borgon, at 248-336-9445 or via email at rjborgon@sbcglobal.net.

Birmingham Area Cable Board

Governmental Fund Balance Sheet/Statement of Net Assets June 30, 2008

	General Fund - Modified Accrual Basis	Adjustments (Note 7)	Statement of Net Assets - Full Accrual Basis
Assets			
Cash and investments (Note 2)	\$ 598,605	\$ -	\$ 598,605
Amount on deposit at the Village of Beverly Hills (Note 3)	330,943	-	330,943
Due from communities for franchise and PEG fees:			
Birmingham	94,908	-	94,908
Beverly Hills	42,799	-	42,799
Bingham Farms	10,285	-	10,285
Fixed assets (Note 4)	<u>-</u>	<u>654,122</u>	<u>654,122</u>
Total assets	<u>\$ 1,077,540</u>	654,122	1,731,662
Fund Balance - Unreserved/Undesignated	<u>\$ 1,077,540</u>	<u>(1,077,540)</u>	<u>-</u>
Net Assets			
Invested in capital assets		654,122	654,122
Unrestricted		<u>1,077,540</u>	<u>1,077,540</u>
Total net assets		<u>\$ 1,731,662</u>	<u>\$ 1,731,662</u>

Birmingham Area Cable Board

Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended June 30, 2008

	General Fund - Modified Accrual Basis	Adjustments (Note 7)	Statement of Activities - Full Accrual Basis
Revenue			
Franchise fees:			
Birmingham	\$ 149,102	\$ -	\$ 149,102
Beverly Hills	64,366	-	64,366
Franklin Village	20,899	-	20,899
Bingham Farms	10,116	-	10,116
PEG fees:			
Birmingham	222,662	-	222,662
Beverly Hills	96,548	-	96,548
Franklin Village	31,349	-	31,349
Bingham Farms	15,098	-	15,098
Other	50,939	-	50,939
Total revenue	661,079	-	661,079
Expenditures			
PEG operations:			
BCTV PEG	167,042	-	167,042
Grants	4,886	-	4,886
Capital outlay	620,849	(617,963)	2,886
Depreciation	-	90,994	90,994
Mobile van	4,142	-	4,142
Board expenditures:			
Recording secretary	4,277	-	4,277
Executive director	35,000	-	35,000
Operating expenses	11,734	-	11,734
Attorney fees	52,660	-	52,660
Audit fees	5,150	-	5,150
Insurance	8,193	-	8,193
Advertising and promotions	5,153	-	5,153
Memberships	1,050	-	1,050
Conferences	5,519	-	5,519
Total expenditures	925,655	(526,969)	398,686
Excess of Revenue Over (Under) Expenditures/Change in Net Assets	(264,576)	526,969	262,393
Fund Balance/Net Assets - Beginning of year	1,342,116	127,153	1,469,269
Fund Balance/Net Assets - End of year	\$ 1,077,540	\$ 654,122	\$ 1,731,662

Birmingham Area Cable Board

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Birmingham Area Cable Board (the "Authority") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

Birmingham Area Cable Board was created through an interlocal agreement between the City of Birmingham and the Villages of Beverly Hills, Bingham Farms, and Franklin (the "Parties"). The Authority was organized to obtain for the citizens of the Parties and to thereafter maintain for those citizens the highest quality of cable communication service at the lowest reasonable cost in accordance with franchise agreements and established ordinances. The Authority is operated by a 13-member board; seven representatives are appointed by the City of Birmingham, four representatives are appointed by the Village of Beverly Hills, one representative from the Village of Bingham Farms, and one representative from the Village of Franklin. As required by accounting principles generally accepted in the United States of America, these financial statements present Birmingham Area Cable Board. No other component units have been combined into the Authority's basic financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's basic financial statements include both the Authority's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full accrual financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables. The Authority's net assets are reported in two parts - invested in capital assets and unrestricted net assets.

Birmingham Area Cable Board

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Modified Accrual Financial Statements

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Fixed Assets - Fixed assets are defined by the Authority as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Production van	5-20 years
Equipment	5-10 years

PEG Activity - The Authority's cable provider has established three channels for public, education, and government (PEG) use. The public and governmental channels are administered by the Authority and the educational channel is administered by Birmingham School District. In order to fund the administration of these channels, the Authority receives financial support in the form of PEG fees from its cable provider in the amount of 3 percent of the cable provider's gross revenue. These funds are used on PEG-related projects. The PEG fees are allocated among the various member communities in the same manner as franchise fees. The member communities remit the PEG fees they collect to the Authority. A portion of these PEG fees can be allocated to the Parties and Birmingham School District upon a grant request.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Birmingham Area Cable Board

Notes to Financial Statements June 30, 2008

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated two banks for the deposit of its funds. The investment policy adopted by the Authority in accordance with Public Act 196 of 1997 has authorized investment in all investments permissible under Michigan Compiled Laws Section 129.92 (Public Act 20 of 1943, as amended) as listed above. The Authority's deposits and investment policies are in accordance with statutory authority.

The Authority's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had approximately \$399,000 of bank deposits (checking account and certificates of deposit) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates the financial institutions with which it deposits funds and assesses the level of risk of the institutions; only institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Amount on Deposit at the Village of Beverly Hills

Franchise fees collected by the Parties are remitted to the Village of Beverly Hills. The Village of Beverly Hills uses these funds to pay for the Authority's monthly expenditures. The amount on deposit at the Village of Beverly Hills is the excess of the franchise fees collected over monthly expenditures.

Birmingham Area Cable Board

Notes to Financial Statements June 30, 2008

Note 4 - Fixed Assets

A summary of changes in fixed assets is as follows:

	Balance - Beginning of Year	Additions	Deletions	Balance - End of Year
Production van	\$ 190,634	\$ 575,744	\$ -	\$ 766,378
Equipment	<u>78,350</u>	<u>42,219</u>	<u>-</u>	<u>120,569</u>
Total	268,984	617,963	-	886,947
Accumulated depreciation	<u>(141,831)</u>	<u>(90,994)</u>	<u>-</u>	<u>(232,825)</u>
Net book value	<u>\$ 127,153</u>	<u>\$ 526,969</u>	<u>\$ -</u>	<u>\$ 654,122</u>

Note 5 - Budget Information

The annual budget is prepared by the Authority and adopted by the Authority's board; subsequent amendments are approved by the board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2008 has not been calculated. There were no amendments during the current year.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted in total for revenues and expenditures; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the required supplemental information budgetary comparison schedule - General Fund. Line item detail is shown in this budget for analytical purposes only.

Note 6 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Authority has purchased commercial insurance for claims relating to general liability and property. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Birmingham Area Cable Board

Notes to Financial Statements June 30, 2008

Note 7 - Reconciliation of Modified Accrual Financial Statements to the Full Accrual Financial Statements

Total fund balance and the net change in fund balance of the Authority's General Fund differ from net assets and change in net assets of the Authority's activities reported in the governmental fund balance sheet/statement of net assets and the statement of governmental revenue, expenditures, and changes in fund balance/statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the General Fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 1,077,540
Amounts reported in the statement of net assets are different because capital assets are not financial resources and are not reported in the funds	<u>654,122</u>
Net Assets - Full Accrual Basis	<u>\$ 1,731,662</u>
Net Change in Fund Balances - Modified Accrual Basis	\$ (264,576)
Amounts reported in the statement of activities are different because capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	617,963
Depreciation	<u>(90,994)</u>
Change in Net Assets - Full Accrual Basis	<u>\$ 262,393</u>

Required Supplemental Information

Birmingham Area Cable Board

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Franchise fees:				
Birmingham	\$ 124,200	\$ 124,200	\$ 149,102	\$ 24,902
Beverly Hills	54,000	54,000	64,366	10,366
Franklin Village	17,600	17,600	20,899	3,299
Bingham Farms	11,000	11,000	10,116	(884)
PEG fees:				
Birmingham	186,300	186,300	222,662	36,362
Beverly Hills	80,700	80,700	96,548	15,848
Franklin Village	26,900	26,900	31,349	4,449
Bingham Farms	13,000	13,000	15,098	2,098
Other	20,000	20,000	50,939	30,939
Total revenue	533,700	533,700	661,079	127,379
Expenditures				
PEG operations:				
BCTV PEG	218,000	183,000	167,042	15,958
Grants	150,000	50,000	4,886	45,114
Capital outlay	225,000	895,000	620,849	274,151
Mobile van	5,000	5,000	4,142	858
Board expenditures:				
Recording secretary	4,000	4,000	4,277	(277)
Executive director	33,000	35,000	35,000	-
Operating expenses	24,500	20,500	11,734	8,766
Attorney fees	50,000	65,000	52,660	12,340
Audit fees	6,500	6,500	5,150	1,350
Insurance	8,500	8,500	8,193	307
Advertising and promotions	500	500	5,153	(4,653)
Memberships	7,500	7,500	1,050	6,450
Conferences	4,000	4,000	5,519	(1,519)
Total expenditures	736,500	1,284,500	925,655	358,845
Net Change in Fund Balance	(202,800)	(750,800)	(264,576)	486,224
Fund Balance - Beginning of year	1,342,116	1,342,116	1,342,116	-
Fund Balance - End of year	<u>\$ 1,139,316</u>	<u>\$ 591,316</u>	<u>\$ 1,077,540</u>	<u>\$ 486,224</u>

Note: Line-item budget information presented is for analytical purposes only. The budget was adopted in total for revenues and expenditures.